

**Monday, June 29, 2009**

**Cap and Tax Bill:** I write you this from a Saturday morning flight home to California after one of the biggest votes of my Congressional career. I'm sure you have already heard a lot about this bill that passed by a vote of 219-212 on Friday evening. It is known by a variety of titles, but most commonly as 'cap and trade,' 'cap and tax,' or 'the national energy tax.' I won't repeat a lot of what you already know. But suffice it to say, this bill will be a disaster for our economy, which is already in huge trouble.

The bill is so bad that it took a full court press from the President, the Speaker, and just about everybody who works in the West Wing to cajole the votes necessary with threats and treats. Patrick Kennedy (D-RI) was even brought out of rehab where he is undergoing treatment for substance abuse for this vote, and rumors abound that some members were promised 9 figures of pork for their districts if they voted for the bill.

Why is it so bad? According to MIT, it will result in an energy tax that will, on average, cost American families about \$3,000 per year! In addition, according to the Carbon Dioxide Information Analysis Center (CDIAC), the primary climate-change data and information analysis center of the U.S. Department of Energy, this bill will only reduce the Earth's temperature by 2 tenths of one degree 100 years from now, at MOST. Furthermore, for every ton of carbon dioxide saved by this bill, the Chinese alone will add 3 tons to the atmosphere. According to the Heritage Foundation, this bill will cause the net loss of over 2.5 million American jobs. This bill is awful. There are two things you will hear said by proponents that are simply not true: (1) they will say that this bill is about air quality. It is not. Carbon Dioxide is not a pollutant. Plants on earth require carbon dioxide. Carbon Monoxide and Nitrous Oxide are pollutants that cause smog and are unhealthful, Carbon Dioxide, which each of us expels by breathing really is not. (2) You hear all the time about the "green jobs" that will be created. These "green jobs" will be funded by your tax dollars and losing your job as more of the economy moves to cheaper countries that doesn't have these ridiculous restrictions. This bill subsidizes inefficient energy sources by taxing efficient ones. You will never create jobs without creating productivity gains or wealth gains. This actually causes productivity and wealth losses with no measurable benefit to anyone currently living.

If you really want to reduce carbon dioxide production, then we should be building nuclear power plants and hydroelectric plants like crazy. Both of those sources of energy are CHEAPER than current energy sources, are carbon neutral, and are 100% domestically sourced. If we did that, along with developing all of the untapped domestic oil and gas resources we have, while introducing more bio-fuels into the mix of gasoline and diesel, we would save people money, create jobs, reduce greenhouse gases, reduce pollutants, and become energy independent.

I was very proud of our Republican Leader John Boehner (R-OH) on Friday when he spent 1 hour on the House floor reading excerpts from a 300-page amendment that had been added to the bill at 3:00 AM the morning of the vote. Just like the stimulus bill earlier this year, no one had read this amendment before they voted on the bill. The stuff Leader Boehner read out of it was frightening. It is almost all new government agencies, bureaucracies, and restrictions. I was particularly taken by a requirement that real estate appraisers be federally trained to add value to an appraisal for federally recognized "green" features. And I thought an appraiser was supposed to tell us what a property would sell for. Sheesh.

**Bernanke:** Federal Reserve Chairman Ben Bernanke came under fire from both Republicans and Democrats on the Hill last week for issues relating to the purchase of Merrill Lynch by Bank of America. Without getting into details, I want to say that this disappointed me. Sure Bernanke has made some mistakes in this difficult period as we all have. But on balance, I think he is good, thoughtful, capable, and most importantly, independent. His term as Chairman is up in 7 months. President Obama can either reappoint him or appoint someone else. Rumors have it that Larry Summers, Director of the White House National Economic Council, wants the job. If the President appoints someone like Summers to this position, I fear that the "command and control" mentality of this administration would weaken the independence of the Fed. If the Fed does this, or any other president's bidding, our economy will suffer from the politicization of economic functions. I strongly believe that Bernanke should be reappointed.

**Delta Smelt:** Most of you reading this are in Southern California. But you should know that 85,000 of our farmers from the Central Valley of California have lost their jobs as their farms dry up with no water. It's not because of the drought. There is plenty of water available for those farms, but radical groups have succeeded in getting 12 water pumps from the Sacramento Delta shut down in order to protect the habitat of a 2-inch fish that is not indigenous to the region called the Delta Smelt. Many of you know that I am an animal lover and believe in protecting species. But I do not believe in destroying thousands of human lives, livelihoods, and causing us to lose the ability to produce our own food in order to improve the quality of life of an invasive fish species that is not endangered. We can open those pumps, and there will still be plenty of fish because of filters and we should build the "peripheral canal" to secure water for the future of California farming.

**Trial Lawyers:** In the GM and Chrysler bankruptcies, bondholders, dealers, and stockholders were largely wiped out, so were the legal claims of people suing those companies for damages. The trial lawyers screamed. Over the weekend it was announced that the Obama administration has reconsidered and will now allow those lawsuits to proceed against "new GM." Now that this change has been made, much of your tax money funneled into the auto companies will actually

go to unions and trial lawyers. Shocking? Not at all. Obama/Pelosi/Reid are in charge.